

Budget Summary



DESCRIPTION

This Part of the *2001/2002 Biennial Budget* presents the highlights of the City's budget.

The three main components of the Budget are described. These include the Operating Budget, the Capital Budget, and the Consolidated Plan Budget.

The level of staffing, as well as changes in the staffing level, is described by reference to the various pertinent City Departments.

Planned tax or fee increases are also described.

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BIENNIAL BUDGET HIGHLIGHTS

The 2001/2002 All Funds Biennial Budget for the City of Cincinnati includes the Operating, Capital, and the Consolidated Plan Budgets. The All Funds Biennial Budget is balanced to resources.

The 2001/2002 All Funds Biennial Budget is \$1.94 billion, which is a 0.5% decrease from the

Capital Budget associated with one-time projects and large one-time increases in ongoing projects. The increase in the 2002 budget is primarily attributable to Capital Budget nonrecurring one-time projects and increases.

This Budget calls for a property tax of 5.4 mills in 2001 and in 2002 and no increases in income

Figure 1. 2001/2002 All Funds Budget

(In \$ Millions)	1999	2000	2001	% Change	2002	% Change
Operating Budget						
General Fund	\$296.0	\$305.0	\$308.1	1.0%	\$316.9	2.9%
Restricted Funds	<u>322.7</u>	<u>352.3</u>	<u>377.2</u>	7.1%	<u>387.5</u>	2.7%
Subtotal	\$618.7	\$657.3	\$685.3	4.3%	\$704.4	2.8%
Capital Budget						
General Capital	\$73.8	\$105.6	\$77.9	-26.2%	\$132.8	70.5%
Restricted Funds	<u>211.8</u>	<u>224.8</u>	<u>146.1</u>	-35.0%	<u>137.2</u>	-6.1%
Subtotal	\$285.6	\$330.4	\$224.0	-32.2%	\$270.0	20.5%
Consolidated Plan Budget	<u>\$26.4</u>	<u>\$26.9</u>	<u>\$28.2</u>	4.8%	<u>\$25.5</u>	-9.6%
Total Budget	\$930.7	\$1,014.6	\$937.5	-7.6%	\$999.9	6.6%

Note: The 2001/2002 All Funds Budget shows the Community Development Block Grant (CDBG) Operating Budget in the Consolidated Plan Budget and not in the Operating Budget. However, the CDBG Operating Budget in 2001 of \$3.0 million and in 2002 of \$3.0 million is included in the All Funds Operating Budget Summary on page 82.

1999/2000 Biennial Budget of \$1.95 billion. The All Funds Budget is \$937.5 million in 2001 and \$999.9 million in 2002. The 2001 budget is a decrease of 7.6% from the 2000 amount and the 2002 budget is a 6.6% increase over the 2001 amount. The 2001 decrease is primarily attributable to the \$106.4 million decrease in the

tax which is the City's largest tax revenue source. A 3.0% increase in the Water Works service charge is budgeted in 2002 for capital improvements. A 6% increase in the MSD service charge is budgeted in both 2001 and 2002 for increased debt service requirements as well as increases to comply with EPA mandates.

OPERATING BUDGET HIGHLIGHTS

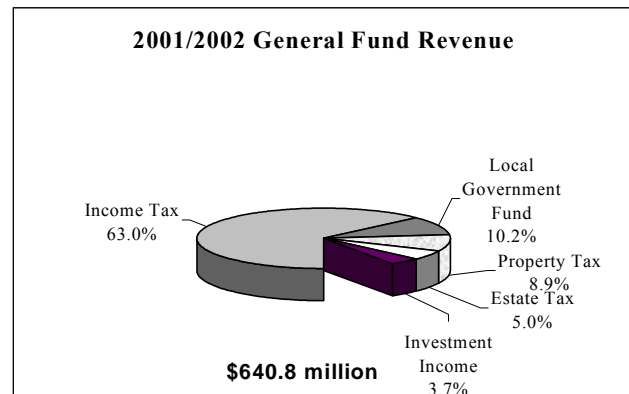
The Operating Budget includes funding for day-to-day services provided by City departments. These include general governmental services supported by the General Fund, such as police and fire services, and services supported by Restricted Fund fees, charges, assessments, or grants such as water and sewer services or job training programs. A detailed explanation of the sources and uses of Operating Budget funds is provided in Part II of this document.

The 2001/2002 biennial amount of \$1.39 billion is an increase of 8.6% from the 1999/2000 amount of \$1.28 billion. The 2001 amount of \$685.3 million is a 4.3% increase from the 2000 approved amount of \$657.3 million. The 2002 amount of \$704.4 million is an increase of 2.8% from the 2001 amount.

The major revenue categories of the General Fund in the 2001/2002 Budget are shown in Figure 2. The largest General Fund revenue category is City Income Tax at 63.0% of the General Fund revenue. Within the City's 2.1% Income Tax, the General Fund component is 1.55% (or 73.8% of the total tax collected). Other components are as follows: 0.15% for permanent improvements, 0.3% for mass transit, and 0.1% for infrastructure. The next largest General Fund revenue categories are the State of Ohio's Local Government Fund at 10.2% and Property Taxes at 8.9%. The Property Tax revenue dedicated to the General Fund is generated by the 5.4 mills on 35% of the assessed value of taxable properties within the City. (An additional 5.36 mills is levied to support the Debt Service requirements of the Capital Budget.) Figure 2 does not include 9.2% of the General Fund revenue which represents revenue from the admission tax, licenses and permits, fines and penalties, as well as other miscellaneous revenues.

Figure 3 displays the major expenditure categories of the General Fund in the 2001/2002 Budget. Public Safety expenditures for police and fire services comprise 52.4% of the total General Fund Budget. The next largest General Fund expenditure areas are Health at 8.8% and Public Services at 8.3%.

Figure 2. General Fund Resources Categories

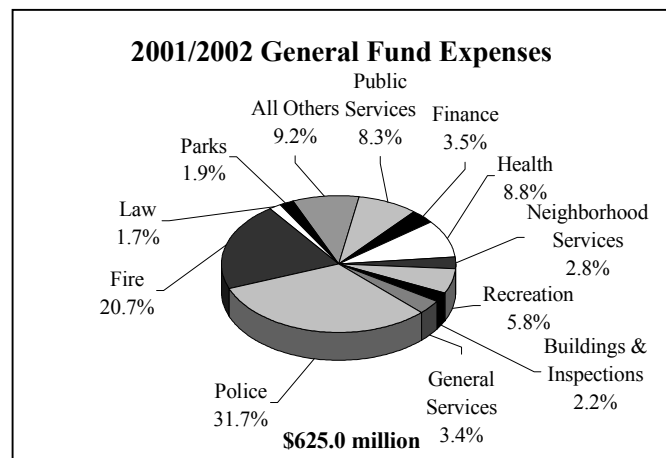


The primary cost drivers of the Operating Budget changes in 2001 and 2002 are personnel services, employee benefits, and non-personnel services increases. Personnel services increases are budgeted at 2.3% in each year of the biennium. Non-personnel costs are expected to increase by 1.9% in 2001 and 2.5% in 2002.

The General Fund Operating Budget in 2001/2002 includes several initiatives as follows:

- The total General Fund Hazard Abatement funding in 2001 and 2002 is \$214,310 and \$220,390 respectively. These funds complement other biennial funding in the Consolidated Plan Budget (\$1,028,500) and in the Capital Budget (\$115,000). The total biennial recommendation is \$1,578,200, an increase of \$406,500 for the biennium.

Figure 3. General Fund Expenditure Categories





- To fulfill the City Council's \$100 million commitment to fund *improvements to Cincinnati Public School (CPS) buildings* in City neighborhoods over 20 years, \$5 million annually has been included for CPS in the General Fund Operating Budget in 2001 and 2002.
- A component of a *Neighborhood Playground Initiative* provides \$80,240 in each year for two additional Facility Maintenance Specialist positions exclusively for playground maintenance and renovation efforts as part of an overall initiative which includes \$1 million annually in related capital investments.
- On May 4, 1999, voters approved an amendment to the Charter of the City of Cincinnati to provide that, commencing with the regular municipal election of November 6, 2001, there shall be a *direct election of the Mayor* who shall be the presiding officer at the City Council meetings at a salary amount twice that of a councilmember's salary. The increased cost of a 9th Councilmember's office is \$163,376 for the biennium. The additional cost in 2002 for the Mayor's increased salary is \$47,445. The increased Board of Elections cost is \$504,980 in 2002 bringing the total Board of Elections cost to \$550,000.
- Funding for *lead risk assessments* (\$225,000) will now be funded from the Community Development Block Grant (CDBG) Fund, because federal grant funding for the Lead Abatement Project concluded in November 2000.
- The City of Cincinnati has a tradition of *citizen participation* in the municipal budget process. Involvement is actively sought from individual citizens, community councils, and various other community groups. For the 2001/2002 Biennial Budget, an enhanced CNAS process was used to improve the liaison between the neighborhoods and the City agencies reviewing the Community Priority Requests. Forty-three out of fifty-two neighborhoods participated in the Community Priority Request process by submitting service and project requests for consideration in the

City's Budget. A report providing the outcomes of the requests is included in Part III of this Budget document which discusses the CNAS process in detail.

City Council Changes to the Recommended Budget. During the budget review process subsequent to the presentation of the City Manager's Recommended Budget, the City Council initiated a number of funding reallocations to programs directed toward a healthy economy, neighborhoods, improved race and human relations, and a healthy citizenry. These changes to the Recommended Budget total \$616,270 in 2001 and \$552,300 in 2002 and are listed on pages 63 and 64 of this Budget Document.

Health Department. Health Services Fund 395, which receives revenue from Medicaid and other third-party insurers, has experienced declining revenues in recent years because of a rising number of uninsured patients. However, revenue is expected to stabilize and possibly grow slightly in the biennium because of recent legislative initiatives designed to expand eligibility requirements for the Children's Health Insurance Program (CHIP), and streamline the application process. Additionally, changes in Medicare, related to prescription drug coverage, could potentially increase revenue in this fund. The Cincinnati Lead Abatement project, which received HUD grant funds to test for lead poisoning in children and to conduct lead abatement in contaminated low-income homes, was completed in November 2000. So that the Health Department may continue a lead risk assessment program for lead poisoned children, \$225,000 in Community Development Block Grant funds have been appropriated to the Health Department. The biennial budget includes 4.6 additional positions (3.6 Public Health Nurses and 1 Administrative Technician) for work to be conducted in schools located in the Empowerment Zone. Federal Empowerment Zone grant funds will be used to fund the new positions.

Recreation. A total of \$2.0 million is included in the 2001/2002 Biennial Capital Budget, with \$1.0 million each in 2001 and 2002, for playground renovation projects as part of the



City's Playground Initiative. This annual commitment of \$1.0 million will provide funding for approximately 12 comprehensive playground renovations per year. In addition to the funding provided in the Capital Budget for the Playground Initiative, the 2001/2002 Biennial Operating Budget includes \$80,240 for two Facility Maintenance Specialists to support playground renovation and maintenance efforts.

Economic Development. Included in the 2001 Budget is \$100,000 for the Greater Cincinnati Chamber of Commerce's Marketing Partners Program, \$80,000 for operating support of the Greater Cincinnati Chamber of Commerce, \$20,000 for the Minority Business Mentoring Program, \$150,000 to support the planning and operation of the 2001 UJIMA Cinci-Bration, \$100,000 for the Riverfront Classic and Jamboree, and \$200,000 for the Greater Cincinnati African-American Chamber of Commerce. The 2001 Budget also includes \$234,000 for a Forgivable Asset-based Reverse Mortgage (FARM) Agreement between the City and Great American Financial Resources which provides for the retention of 750 jobs in the City. FARM agreements provide for an annual payment over ten years representing 50% of the City earnings tax generated by the newly created or retained jobs. In October 2000, City Council approved an ordinance establishing a new Port of Greater Cincinnati Development Authority in conjunction with Hamilton County. The City and County will each provide \$1,050,000 over four years in operating support to the new Port Authority for a total of \$2,100,000.

CAPITAL BUDGET HIGHLIGHTS

The Capital Budget provides funding for City assets with useful lives of over five years and which cost at least \$10,000. Capital funds are used to purchase or construct new assets or improve or rehabilitate existing assets. The Budget includes a 2001/2002 Capital Budget and a 2001-2006 Capital Investment Plan. The 2001/2002 biennial amount of \$494.0 million is a decrease of 19.8% from the 1999/2000 biennial amount of \$616.0 million. The 2001 amount of \$224.0 million is a 32.2% decrease from the 2000 amount of \$330.4 million. The 2002 amount of \$270.0 million is an increase of 20.5% from the 2001 amount. A detailed

explanation of the sources and uses of Capital Budget funds is provided in Part II of this document.

The major resource categories for General Capital in the 2001/2002 Budget are displayed in Figure 4. The largest General Capital resource is the Tax Supported Bonds at 45.9% of the total General Capital resources. The next largest General Capital budget resource category is the City Income Tax at 17.1%.

Figure 4. General Capital Resource Categories

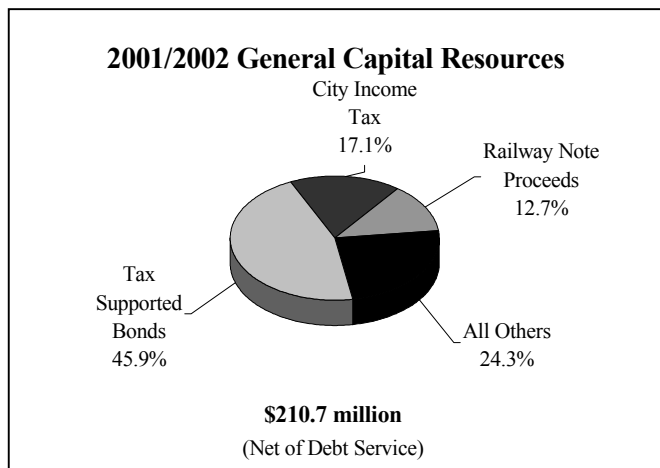


Figure 5 displays the major expenditure categories of the General Capital Budget for the 2001/2002 biennium. Expenditures for Infrastructure projects comprise 41.6% of the total General Capital Budget. The next largest General Capital expenditure areas are Economic Development at 34.8% and Equipment at 16.1%.

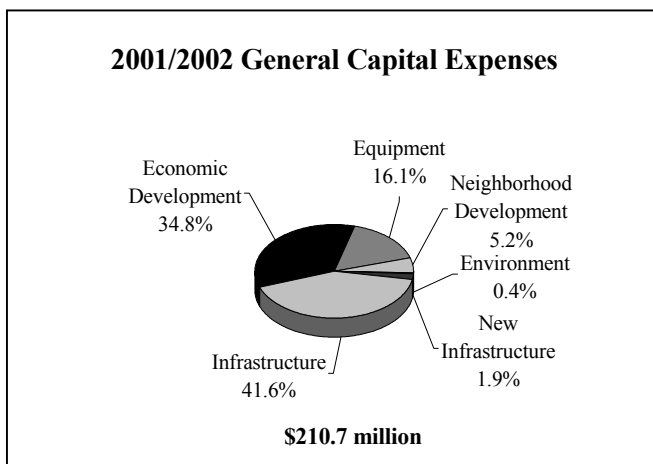
For 2001 and 2002, the budgets have been balanced by shifting \$13.4 million in 2001 and \$12.6 million in 2002 (\$26.0 million for the biennium) from the General Fund to the Capital Budget. This transfer provides funding for neighborhood business district improvement projects, street rehabilitation projects, neighborhood market rate housing development projects, the Post Office relocation project, the Contemporary Arts Center project, park improvements, and for the purchase of safety and computer equipment.

General Capital Budget

Funding for neighborhood improvements highlight the 2001/2002 Biennial General Capital Budget as follows:

- Neighborhood Business District (NBD) Public Improvement projects are budgeted at \$2.5 million in 2001 and \$2.6 million in 2002. Combined with Consolidated Plan funds for this project, the total 2001 amount is \$3.5 million. For 2002, the NBD Public Improvements budget is \$3.6 million. These budget allocations increase the investment in neighborhood business districts by \$1.0 million annually. The 2001 projects include the following: Pleasant Ridge Streetscape, Mt. Washington Streetscape, Safety and Utility Improvements, Columbia Square Development – Phase III, Evanston Streetscape – Phase II, McFarland Corner – Phase III, Hyde Park Square Streetscape, Northside Parking Lot, College Hill Streetscape, Clifton Heights Parking Garage Study, Mt. Adams Lighting, Over-the-Rhine Main Street Parking Study, Evanston Urban Renewal Plan, Over-the-Rhine Tree Wells, Hyde Park Square Parking Study, East Price Hill Gateway, Clarks Point Drinking Fountain (East Walnut Hills), Madisonville Urban Design Plan, and the Mt. Adams Gateway.

Figure 5. General Capital Expenditure Categories



- A total of \$30.1 million, \$14.8 million in 2001 and \$15.3 million in 2002, is budgeted for the Street Rehabilitation Program to improve street surfaces. An additional \$10.7

million is budgeted in the biennium for major street and road improvements projects.

- The Capital Budget includes \$4.0 million in 2001 and \$4.0 million in 2002 for the development of new market rate housing in the City's neighborhoods. The 2001/2002 Capital Budget also includes \$2.9 million to support additional housing programs and projects including \$900,000 for downtown housing development.
- The Biennial Budget also includes \$1.0 million in 2001 and \$1.0 million in 2002 for playground renovation projects as part of the City's "Playground Initiative." In addition to the funding for playground renovations, the 2001/2002 Capital Budget also includes \$5.3 million in 2001 and \$6.0 million in 2002 for infrastructure improvements and renovations to neighborhood Recreation, Park, and Health facilities.
- An amount of \$927,000 is budgeted in 2001 for the completion of the College Hill Community Center, including the installation of an indoor track.
- Funding to maintain and improve bridges, retaining walls, sidewalks, curbs, and hillside stairways totals \$5.3 million for the 2001/2002 biennium, with \$2.6 million in 2001 and \$2.7 million in 2002 for these neighborhood based improvements.

To meet the City's commitment to creating and maintaining jobs, the Biennial General Capital Budget includes \$8.7 million, \$6.5 million in 2001 and \$2.2 million in 2002, for the Post Office Relocation project. The relocation of the U.S. Postal Distribution Center will retain more than 2,000 jobs in the City.

In order to provide more efficient service to citizens, funding for the acquisition of new equipment and technology in the 2001/2002 Biennial General Capital Budget totals \$12.3 million in 2001 and \$8.7 million in 2002. Equipment and technology project highlights include the 911 Replacement project, the Telephone System Upgrade and Replacement project, the Electronic Government project, and

the Citywide Communication System project. Funding for the Citywide Communication project, which provides a new public safety 800 megahertz radio system, totals \$27.3 million with \$10.1 million included in the 2001 Capital Budget and \$6.1 million included in the 2002 Capital Budget.

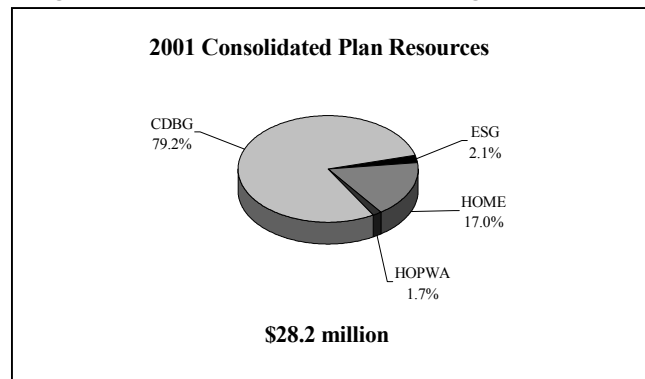
Restricted Fund Capital Budgets

A total of \$283.3 million, \$146.1 million in 2001 and \$137.2 million in 2002, is included in the Capital Budget from restricted funds, including matching funds, for various capital projects. Restricted Fund Capital Budget projects include water and sewer improvements, parking facilities improvements, stormwater drainage improvements, and improvements at Lunken Airport.

CONSOLIDATED PLAN BUDGET HIGHLIGHTS

The Consolidated Plan Budget is a combined budget of federal funding from the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program, the Emergency Shelter Grant (ESG), and the Housing Opportunities for Persons with AIDS Grant (HOPWA). The CDBG program is primarily a “bricks and mortar” program to improve housing and economic development opportunities for low and moderate income citizens. Funding for some social service programs is also provided subject to a 15% expenditure cap. The HOME program promotes affordable rental and owner-occupied housing for low income citizens. The purpose of the ESG program is to provide emergency shelter and transitional housing and supportive services for homeless citizens. The HOPWA program provides shelter and support programs in a tri-state twelve-county area in accordance with the grant requirement.

Figure 6. Consolidated Plan Resource Categories

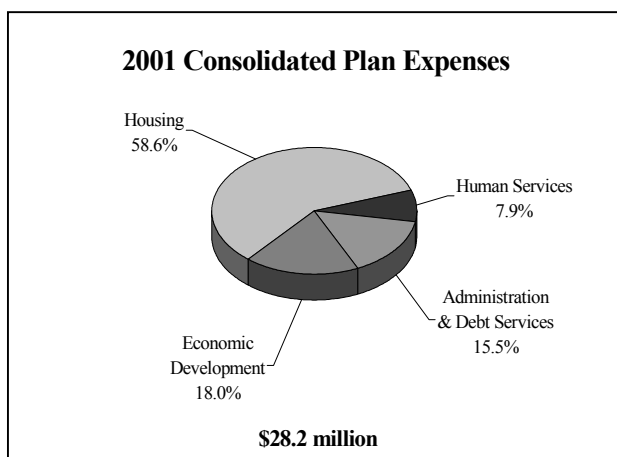


The Consolidated Plan Biennial Budget amount of \$53.7 million is a 0.8% increase from the 1999/2000 biennium amount of \$53.3 million. The 2001 amount of \$28.2 million is a 4.8% increase from the 2000 amount of \$26.9 million. The CDBG, HOME, ESG, and HOPWA grants were expected to remain at prior year levels in 2001/2002. Local program income and prior-year savings were expected to increase in 2001 and decrease in 2002. Final grant amounts were not known at the time that the City Council approved the budget. An additional \$1.7 million in resources has been identified. It is not included in Figures 6 and 7 since the City Council will make a supplemental appropriation after the completion of the citizen advisory process. A detailed explanation of the sources and uses of Consolidated Plan funds is provided in Part II of this document.

The major resource categories for the 2001 Consolidated Plan programs are displayed in Figure 6. The largest Consolidated Plan resource is the Community Development Block Grant at 79.2% of the total Consolidated Plan resources. The next largest Consolidated Plan resource is the HOME Grant at 17%.

Figure 7 displays the major expenditure categories of the Consolidated Plan for the 2001 Budget. The Housing component is 58.6% of the budget, the Economic Development component is 18% of the budget, and the Human Services component is 7.9% of the budget. The administration and debt service components make up the remaining 15.5% of the budget.

Figure 7. Consolidated Plan Expenditure Categories



The development of neighborhoods through improved economic and housing opportunities for low- and moderate-income citizens is the primary goal of the 2001/2002 Consolidated Plan Budget. Nearly all of the Housing, Economic Development, and Human Services components of the budget will improve neighborhoods or provide services to citizens in neighborhoods.

The largest programs within each major component which primarily benefit neighborhoods are as follows:

Housing

- Homeowner Rehabilitation Loans and Maintenance Grants: \$8.9 million in years 2001 and 2002

- Housing Development Round: a total of \$6.1 million in years 2001 and 2002
- Rental Rehabilitation Program: \$5.2 million total in years 2001 and 2002

Economic Development

- Neighborhood Business Projects: \$2 million total in years 2001 and 2002
- Small Business Loans: \$2.1 million in 2001 and 2002 combined
- Findlay Market: \$500,000 in 2001 to complete the market construction and \$500,000 in 2002 for district improvements

Human Services

- Program Operating Activities and Facilities Renovations: \$2.2 million in 2001 and \$2.1 million in 2002.

STAFFING

The Budget reflected in Figure 8, includes 114.8 fewer full time equivalent (FTE) staff in 2001 compared to the FTE budgeted in 2000. The 2002 budget has 6.4 fewer FTE than in 2001. The 2001 FTE is 6,616.3 and the 2002 FTE is 6,609.9.

The 2001 decrease is primarily attributable to a reduction of 79.8 FTE related to city-wide productivity improvements. There is also a reduction of 51.3 part-time FTE positions in the Recreation Department related to a reduction in the part-time personnel budget over the past year and increases in entry-level salary ranges which

Figure 8. 2001/2002 City Staffing Plan

(in Full Time Equivalents, FTE)	2000 Budget	2001 Budget	Change From 2000	2002 Budget	Change From 2001
General Fund	4,159.1	4,039.1	(120.0)	4,034.7	(4.4)
Restricted Funds	<u>2,572.0</u>	<u>2,577.2</u>	<u>5.2</u>	<u>2,575.2</u>	<u>(2.0)</u>
Total Staff	6,731.1	6,616.3	(114.8)	6,609.9	(6.4)



reduces the amount of hours available for part time positions. The part-time FTE reductions in the Recreation Department will not impact the continuation of year 2000 service levels.

These decreases are offset by increases of 4.6 FTE in the Health Department for the Empowerment Zone; an increase of 2.0 FTE in the Sewer Department to implement the 2001 phase of the Flow Monitoring/Modeling

year of the biennium for the Fire Division. The larger recruit class will provide more Fire Fighters during the summer months and thus reduce overtime in the peak vacation period.

A significant measure of Police staffing is average effective street strength which is the number of sworn staff directly serving citizens in neighborhoods. At mid-year 2001, it is estimated to be 854 and for mid-year 2002 it is estimated to be 852. The 2001/2002 strength is

Figure 9. 2001/2002 Sworn Authorized Strength Staffing Summary

(in Full-Time Equivalents, FTE)	2000 Budget	2001 Budget	Change From 2000	2002 Budget	Change From 2001
Police Sworn	1,000.0	1,000.0	0.0	1,000.0	0.0
Fire Sworn	<u>787.0</u>	<u>787.0</u>	<u>0.0</u>	<u>787.0</u>	<u>0.0</u>
Total Sworn	1,787.0	1,787.0	0.0	1,787.0	0.0

Program; an increase of 3.0 FTE for an additional Councilmember and staff related to the implementation of the Charter Amendment – Direct Election of the Mayor; an increase of 2.0 FTE in the City Manager’s Department to increase city-wide audits and monitoring of contracts; an increase of 3.0 FTE in the Human Resources Department to staff the Office of Employee Relations; and an increase of 2.0 FTE in the Safety Department for increased radio repairs related to the citywide communication system and other electronic equipment. These and other FTE changes are described in the Departmental Budgets, Part V of this document.

For 2002, there is a decrease of 6.4 FTE related to city-wide productivity improvements.

As shown in Figure 9, the authorized sworn strength for the biennium for Police and Fire is 1,000 and 787 respectively. The General Fund Operating Budget includes two recruit classes in each year of the biennium for the Police Division and one large recruit class early in each

the best since 1992, except for the 1999/2000 biennium when overall strength occasionally exceeded the authorized strength by 30.

TAX AND FEE INCREASES

There are no increases in property or income taxes included in the Biennial Budget. A 3% increase in Cincinnati Water Works rates is budgeted in 2002. A 6% rate increase is anticipated for MSD service in 2001 and in 2002. The City Manager will provide further information concerning the Cincinnati Water Works matter in the 2002 Budget Update. A Park Board-recommended increase in the Street Tree assessment, from \$0.12 to \$0.14 per front foot, is budgeted.

Budget Summary



CONCLUSION

The 2001/2002 Biennial Budget demonstrates the City of Cincinnati's continuing commitment to long-term planning, continuing all of its present services as well as increasing many City services, especially in its neighborhoods. The Budget also provides for several significant capital investments. This is a Budget that will keep the City of Cincinnati in the forefront as a provider of high quality municipal services for residents, businesses, and visitors.